



CSIS California School Information Services

Tehama County Office of Education / Reeds Creek Elementary School District

Management Review

January 28, 2011



Joel D. Montero
Chief Executive Officer







CSIS California School Information Services

January 28, 2011

Larry P. Champion, Superintendent
Tehama County Department of Education
1135 Lincoln Street
Red Bluff, CA 96080

Dear Superintendent Champion,

In September 2010, the Tehama County Office of Education and the Fiscal Crisis and Management Assistance Team (FCMAT) entered into an agreement for a management review of the Reeds Creek Elementary School District. Specifically, the agreement stated that FCMAT would perform the following:

1. The Tehama County Department of Education is currently requesting assistance on behalf of the district to complete an independent analysis of the district's 2010-11 adoption budget and make recommendations regarding revenue enhancements or expenditure reductions, if any. The analysis will include a revised budget including a multiyear financial projection for the current and two subsequent fiscal years.
2. The district has recently hired a full-time position of chief business official. The FCMAT team will conduct an organizational review of the Business Department and related positions and provide recommendations to assess the staffing needs of the district.
3. In addition to the organizational review, the FCMAT team will assess the roles and responsibilities of the Board of Education and provide recommendations for operational efficiencies.

The attached final report contains the study team's findings and recommendations in the above areas of review. We appreciate the opportunity to serve the Tehama County Department of Education and the Reeds Creek Elementary School District, and extend our thanks to their staffs for their assistance.

Sincerely,

Joel D. Montero
Chief Executive Officer

FCMAT

Joel D. Montero, Chief Executive Officer

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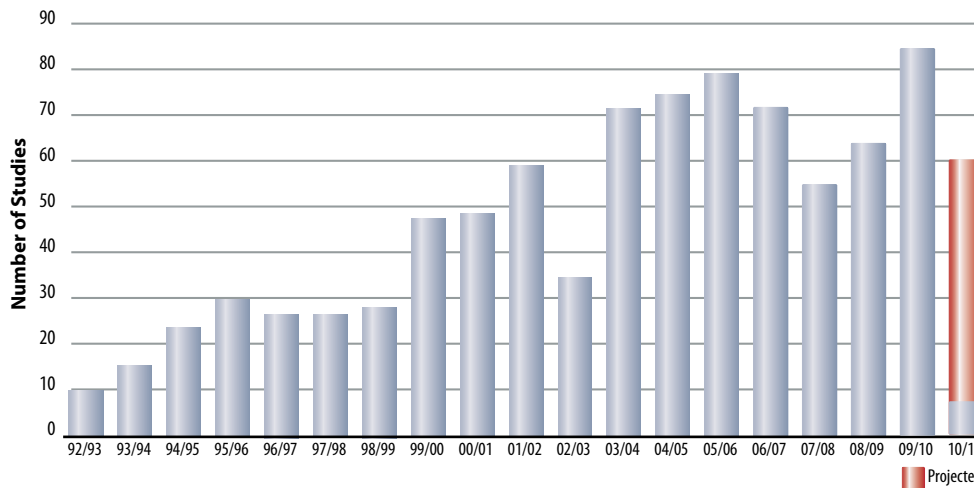
About FCMAT

FCMAT’s primary mission is to assist California’s local K-14 educational agencies to identify, prevent, and resolve financial and data management challenges. FCMAT provides fiscal and data management assistance, professional development training, product development and other related school business and data services. FCMAT’s fiscal and management assistance services are used not just to help avert fiscal crisis, but to promote sound financial practices and efficient operations. FCMAT’s data management services are used to help local educational agencies (LEAs) meet state reporting responsibilities, improve data quality, and share information.

FCMAT may be requested to provide fiscal crisis or management assistance by a school district, charter school, community college, county office of education, the state Superintendent of Public Instruction, or the Legislature.

When a request or assignment is received, FCMAT assembles a study team that works closely with the local education agency to define the scope of work, conduct on-site fieldwork and provide a written report with findings and recommendations to help resolve issues, overcome challenges and plan for the future.

Study Agreements by Fiscal Year



FCMAT also develops and provides numerous publications, software tools, workshops and professional development opportunities to help local educational agencies operate more effectively and fulfill their fiscal oversight and data management responsibilities. The California School Information Services (CSIS) arm of FCMAT assists the California Department of Education with the implementation of the California Longitudinal Pupil Achievement Data System (CALPADS) and also maintains DataGate, the FCMAT/CSIS software LEAs use for CSIS services. FCMAT was created by Assembly Bill 1200 in 1992 to assist LEAs to meet and sustain their financial obligations. Assembly Bill 107 in 1997 charged FCMAT with responsibility for CSIS and its statewide data management work. Assembly Bill 1115 in 1999 codified CSIS’ mission.

AB 1200 is also a statewide plan for county office of education and school districts to work together locally to improve fiscal procedures and accountability standards. Assembly Bill 2756 (2004) provides specific responsibilities to FCMAT with regard to districts that have received emergency state loans.

In January 2006, SB 430 (charter schools) and AB 1366 (community colleges) became law and expanded FCMAT's services to those types of LEAs.

Since 1992, FCMAT has been engaged to perform nearly 850 reviews for LEAs, including school districts, county offices of education, charter schools and community colleges. The Kern County Superintendent of Schools is the administrative agent for FCMAT. The team is led by Joel D. Montero, Chief Executive Officer, with funding derived through appropriations in the state budget and a modest fee schedule for charges to requesting agencies.

Introduction

Background

Reeds Creek Elementary School District is located in Tehama County in northern California. It is a one-school, rural K-8 district and ranks sixth in the county on the Academic Performance Index. The school has high participation in its after-school and athletic programs.

In August 2011 the Tehama County Office of Education requested FCMAT to assist the Reeds Creek Elementary School District by reviewing specific aspects of the district's operations. The study agreement specifies that FCMAT will perform the following:

1. The Tehama County Office of Education is currently requesting assistance on behalf of the district to complete an independent analysis of the district's 2010-11 adoption budget and make recommendations regarding revenue enhancements or expenditure reductions, if any. The analysis will include a revised budget including a multiyear financial projection for the current and two subsequent fiscal years.
2. The district has recently hired a full-time chief business official. The FCMAT team will conduct an organizational review of the Business Department and related positions and provide recommendations to assess the staffing needs of the district.
3. In addition to the organizational review, the FCMAT team will assess the roles and responsibilities of the Board of Education and provide recommendations for operational efficiencies.

Study Guidelines

FCMAT visited the district on November 2 and 3, 2010, to conduct interviews, collect data and review documents. This report is the result of those activities and is divided into the following sections:

- Executive Summary
- Multiyear Financial Projections
- Business Department
- Role and Responsibilities of the Board
- Appendices

Study Team

The study team was composed of the following members:

John F. Von Flue
FCMAT Fiscal Intervention Specialist
Bakersfield, California

Laura Haywood
FCMAT Public Information Specialist
Bakersfield, California

Executive Summary

The state budget crisis and the resulting reductions in funding to schools have impacted local education agencies across the state, particularly smaller districts such as the Reeds Creek Elementary School District. Revenue cuts and deferrals have forced districts to implement painful expenditure reduction measures to maintain their fiscal solvency. In formulating their budgets, some districts are reducing or even eliminating staff positions that play an integral role in the district's fiscal reporting, monitoring, and planning. Reeds Creek Elementary School District is one such district.

The district developed and adopted a budget for fiscal year 2010-11 that included several reductions to maintain fiscal solvency. The submitted budget met all the requirements of Education Code 42127 and was approved by the Tehama County Department of Education. However, the budget contained expenditure reduction assumptions that had not been finalized and the budget could not be considered achievable. One of the cost savings included was the elimination of the business manager position. Business services were to be provided through contract with another LEA. This alternative arrangement was not confirmed at budget adoption and the district was left without the necessary business services at the beginning of the 2010-11 fiscal year.

The decision was then made to reinstate the position of business manager. The previous business manager was no longer available, and the district was required to advertise and recruit for this position. The district received interest from candidates with varying levels of education, experience and qualifications. The position was offered to a candidate with no previous school business experience and no education directly related to the requirements of the business manager position.

The district approved a contract with the candidate and committed to supporting this position with assistance from the county office, contracted CBO assistance, and professional development. The district must maintain this commitment as well as provide for the training of other key district personnel to foster stability in essential positions within the district office, maintain a system of support, and ensure sound financial and operational management of the district.

The district is governed by a five-member board. The board members are highly involved in the activities of the school, are accessible to the staff and parents of the school, and work well together.

The policies adopted by the board provide direction, set goals, assign authority, and establish controls for the district. The current policies clearly establish the role of the board and standards by which they will govern, and it is essential for the board, as individuals and as a collective, to adhere to them. Board members should have ready access to the existing policies and become well acquainted with them. Should the board policies no longer suit the direction desired for the district, the collective board should, within legal requirements, amend and update them.

Multiyear Financial Projections

Multiyear financial projections (MYFPs) are required by Assembly Bill (AB) 1200 and AB 2756 and are a component of the school district budget adoption and interim reporting process. AB 2756 made substantive changes to the financial accountability and oversight used to monitor the fiscal position of school districts and county offices, including strengthening the roles of the superintendent of public instruction (SPI) and county offices of education and their ability to intervene during fiscal crises.

If at any time during the fiscal year a district is unable to meet its financial obligations for the current or two subsequent fiscal years, or has a qualified or negative budget certification, the county superintendent of schools is required to notify the district's governing board and the SPI. The county office is required to follow Education Code Section 42127.6 in assisting a school district in this situation. The MYFP is used to guide the county and the district in developing a plan to regain fiscal solvency and restore the required ending fund balance. Assistance may include assigning a fiscal expert to advise the district on financial issues, conducting a study of the district's financial and budgetary conditions and requiring the district to submit a proposal for addressing its fiscal condition.

Financial planning is crucial for every local educational agency, especially in times with a great degree of revenue fluctuation. Ideally, long-term financial planning provides a district with the tools to strategically align its budget with its instructional goals and programs. However, in current times, financial forecasting is important to recognizing financial trends and making decisions necessary to maintaining a district's fiscal health. In developing and implementing multiyear financial projections, the district's primary objectives should be to achieve and sustain fiscal solvency, promote academic achievement and maintain local governance. The projections help local educational agencies to make more informed decisions regarding the allocation of resources and determine the implications of those decisions in future years.

Any forecast of financial data has inherent limitations because calculations are based on data from local, state, and federal economic assumptions and other variables affecting the revenues and expenses of the district. Although state funding, district enrollment, salary and compensation, operational and maintenance expenses, and many other factors can change outside district control, it is still essential for the district to plan and prepare using the best information available to make decisions in the best interest of the district.

Therefore, the projection should be viewed as a trend based on current criteria and assumptions rather than as a prediction of exact numbers. Multiyear financial projections can serve as the basis for more informed decisions and the ability to forecast the fiscal effects of decisions. MYFPs should be updated at least at each interim financial reporting period and in preparation for negotiations.

Frequent revision is more critical than ever as the state continues to pass on the effects of a severe budget imbalance to school districts. Multiyear projections in this time of fiscal instability are more subject to change, especially in the subsequent fiscal years; however, the MYFP still provides guidance for decisions that span several fiscal years. The district should ensure that multiyear financial projections are kept up to date and are based on the most current assumptions.

Current Year Budget Adjustments

FCMAT reviewed the district's July 1 adopted budget. The original budget adoption included reductions in classified salaries due to reduction of staff and staff hours, the elimination of overtime and extra time, contracts for outsourcing business and cafeteria services, and the reduction of the services and expenses in attorney fees, labor negotiations, nursing, psychologist services, field trips, and assemblies. FCMAT's current year projections include adjustments to revenues and expenses to reflect the state adopted budget, updated revenue information, and the most current expense projections.

DISTRICT BUDGET

	<u>UNRESTRICTED</u>	<u>RESTRICTED</u>	<u>COMBINED</u>
2010-2011 Beginning Fund Balance	\$ 403,204	\$ 93,158	\$ 496,362
REVENUE			
Revenue Limit Sources	\$ 673,026	\$ -	\$ 673,026
Federal Revenue	98,415.00	73,300.00	171,715.00
Other State Revenue	126,400.00	38,127.00	164,527.00
Other Local Revenue	20,250.00	7,953.00	28,203.00
TOTAL REVENUE	\$ 918,091	\$ 119,380	\$ 1,037,471
EXPENSES			
Certificated Salaries	\$ 392,286	\$ 46,876	\$ 439,162
Classified Salaries	52,341	64,950	117,291
Employee Benefits	145,944	39,183	185,127
Books and Supplies	47,684	38,036	85,720
Service, Operating Expenses	178,174	30,872	209,046
Capital Outlay	-	-	-
Other Outgo	-	22,241	22,241
Direct Support/Indirect Costs	(5,361)	5,361	-
TOTAL EXPENSES	\$ 811,068	\$ 247,519	\$ 1,058,587
REVENUE minus EXPENSES	\$ 107,023	\$ (128,139)	\$ (21,116)
OTHER FINANCING SOURCES & USES			
Transfers In and Other Sources	\$ -	\$ -	\$ -
Transfers Out and Other Uses	(39,160)	-	(39,160)
Contributions	(80,917)	80,917	-
TOTAL OTHER FINANCING SOURCES & USES	\$ (120,077)	\$ 80,917	\$ (39,160)
NET DECREASE IN FUND BALANCE	\$ (13,054)	\$ (47,222)	\$ (60,276)
2010-2011 Projected Ending Fund Balance	\$ 390,150	\$ 45,936	\$ 436,085.54

FCMAT BUDGET

	<u>UNRESTRICTED</u>	<u>RESTRICTED</u>	<u>COMBINED</u>
2010-2011 Beginning Fund Balance	\$ 403,204	\$ 93,158	\$ 496,362
<u>REVENUE</u>			
Revenue Limit Sources	\$ 710,203	\$ -	\$ 710,203
Federal Revenue	41,415.00	82,923.00	124,338.00
Other State Revenue	126,400.00	38,127.00	164,527.00
Other Local Revenue	20,250.00	7,953.00	28,203.00
TOTAL REVENUE	\$ 898,268	\$ 129,003	\$ 1,027,271
<u>EXPENSES</u>			
Certificated Salaries	\$ 374,780	\$ 57,466	\$ 432,246
Classified Salaries	67,871	78,999	146,870
Employee Benefits	158,855	44,721	203,576
Books and Supplies	47,684	33,428	81,112
Service, Operating Expenses	143,307	30,872	174,179
Capital Outlay	-	-	-
Other Outgo	-	22,241	22,241
Direct Support/Indirect Costs	(5,361)	6,361	1,000
TOTAL EXPENSES	\$ 787,137	\$ 274,088	\$ 1,061,225
REVENUE minus EXPENSES	\$ 111,131	\$ (145,085)	\$ (33,954)
<u>OTHER FINANCING SOURCES & USES</u>			
Transfers In and Other Sources	\$ -	\$ -	\$ -
Transfers Out and Other Uses	(17,663)	-	(17,663)
Contributions	(81,489)	81,489	-
TOTAL OTHER FINANCING SOURCES & USES	\$ (99,152)	\$ 81,489	\$ (17,663)
NET DECREASE IN FUND BALANCE	\$ 11,979	\$ (63,596)	\$ (51,617)
2010-2011 Projected Ending Fund Balance	\$ 415,183	\$ 29,561	\$ 444,744.51

FCMAT Difference	INC / (DEC)		
	<u>UNRESTRICTED</u>	<u>RESTRICTED</u>	<u>COMBINED</u>
2010-2011 Beginning Fund Balance	\$ -	\$ -	\$ -
<u>REVENUE</u>			
Revenue Limit Sources	\$ (37,177)	\$ -	\$ (37,177)
Federal Revenue	57,000.00	(9,623.00)	47,377.00
Other State Revenue	-	-	-
Other Local Revenue	-	-	-
TOTAL REVENUE	\$ 19,823	\$ (9,623)	\$ 10,200
<u>EXPENSES</u>			
Certificated Salaries	\$ 17,506	\$ (10,590)	\$ 6,916
Classified Salaries	(15,530)	(14,049)	(29,579)
Employee Benefits	(12,911)	(5,538)	(18,449)
Books and Supplies	-	4,608	4,608
Service, Operating Expenses	34,867	-	34,867
Capital Outlay	-	-	-
Other Outgo	-	-	-
Direct Support/Indirect Costs	-	(1,000)	(1,000)
TOTAL EXPENSES	\$ 23,931	\$ (26,569)	\$ (2,638)
REVENUE minus EXPENSES	\$ (4,108)	\$ 16,946	\$ 12,838
<u>OTHER FINANCING SOURCES & USES</u>			
Transfers In and Other Sources	\$ -	\$ -	\$ -
Transfers Out and Other Uses	(21,497)	-	(21,497)
Contributions	572	(572)	-
TOTAL OTHER FINANCING SOURCES & USES	\$ (20,925)	\$ (572)	\$ (21,497)
NET DECREASE IN FUND BALANCE	\$ (25,033)	\$ 16,374	\$ (8,659)
2010-2011 Projected Ending Fund Balance	\$ (25,033)	\$ 16,374	\$ (8,658.97)

FCMAT's current year budget projections reflect the following:

- Revenue limit adjustments made in the adopted state budget and changes in federal revenue to reflect carryover in ARRA funding and federal jobs funding.
- Compensation expense projections from the district's Labor Distribution Summary generated October 26, 2010. Compensation projections include an allowance for four substitute days per certificated staff member and adjustments for the post-budget addition of the business manager and cafeteria support staff. Although the district proposed to eliminate supplemental compensation, the FCMAT budget encompasses pay for classified substitutes and extra time/overtime through October 2010. Further supplemental compensation or classified substitute compensation is not included in the budget due to the district's proposal to eliminate these expenses.
- Supplies expenses have been reduced in restricted funds to meet available funding projections and eliminate projected encroachment.
- Services and operating expenses and transfers out reflect adjustments due to the elimination of the outsource contracts for business and cafeteria services.

Multiyear Forecast Assumptions

FCMAT prepared an MYFP using FCMAT's Budget Explorer software to determine the financial condition of the district's general fund for fiscal years 2010-11 through 2012-13. FCMAT reviewed revenue and expenditure trends for years 2008-09 and 2009-10, assessed district assumptions, and prepared an MYFP to include the impact of the state budget enacted for the 2010-11 fiscal year and the governor's proposed budget for 2011-12. FCMAT assumptions include conservative economic factors and estimates provided by School Services of California in its current Financial Dartboard as of January 2011.

FCMAT developed a MYFP based on a set of assumptions that include:

Description	2011-12	2012-13
COLA	1.67%	1.8%
Certificated step and column	2.8%	2.8%
Classified step	2.5%	2.5%
Revenue limit deficit	19.608%	19.608%
Consumer Price Index (CPI)	1.7%	2.2%

Enrollment / ADA

Enrollment projections were made using static kindergarten enrollment and cohort progression through the grades. Average daily attendance (ADA) forecasts are based on the enrollment projections and a weighted historical relationship between the enrollment and attendance.

The calculations resulted in an enrollment projection of 138 students for 2011-12 and 2012-13 and an attendance rate of just less than 96%. Additionally, FCMAT projected the district's ADA at 132.27 for 2011-12 and 132.34 for 2012-13.

Revenues

Revenue limit projections include adjustments related to ADA, cost of living (COLA), and the deficit factor. Federal revenue is adjusted as the district spends down one-time federal American Recovery and Reinvestment Act (ARRA) and jobs funds. State and local funds have minimal adjustments due to ADA and COLA factors.

Salaries and Benefits

Staffing in all classifications is projected to remain unchanged. Assigned staff are projected to progress through the step and/or column as reflected on the district salary schedules. Future year adjustments are made to account for staff salaries that are budgeted for a partial year in 2010-11 due to their hire after the start of the year.

Supplies and Services

Supplies, services, and operating expenditures are anticipated to continue with annual adjustments made according to the CPI. Supplies may also be adjusted in restricted resources to help reduce encroachment.

Capital Outlay

No funds are budgeted for capital expenditures.

Reserve for Economic Uncertainty

During MYFP development, attention is focused on the district's ability to meet its required reserve for economic uncertainty and achieve a positive unrestricted fund balance. The required reserve economic uncertainty for the district is 5%.

LEA: Reeds Creek Elementary
Projection: FCMAT UA

**General Fund/County School Service Fund
Unrestricted and Restricted Resources
Revenues, Expenditures, and Changes in the Fund Balance**

Name	Object Code	Historical Year 2009 - 10	Base Year 2010 - 11	Year 1 2011 - 12	Year 2 2012 - 13
Revenues					
Revenue Limit Sources	8010 - 8099	\$684,523.07	\$710,202.79	\$700,320.28	\$681,432.00
Federal Revenues	8100 - 8299	\$137,385.18	\$124,338.00	\$81,415.05	\$81,430.22
Other State Revenues	8300 - 8599	\$178,876.78	\$164,527.00	\$158,806.11	\$160,551.76
Other Local Revenues	8600 - 8799	\$32,305.36	\$28,203.00	\$28,393.00	\$28,605.79
Total Revenues		\$1,033,090.39	\$1,027,270.79	\$968,934.44	\$952,019.77
Expenditures					
Certificated Salaries	1000 - 1999	\$439,164.81	\$432,246.38	\$444,354.46	\$456,886.34
Classified Salaries	2000 - 2999	\$198,399.09	\$146,869.86	\$158,347.95	\$161,122.09
Employee Benefits	3000 - 3999	\$214,241.13	\$203,576.10	\$207,848.22	\$210,387.66
Books and Supplies	4000 - 4999	\$73,911.73	\$81,112.48	\$74,797.26	\$71,265.55
Services and Other Operating	5000 - 5999	\$174,173.97	\$174,179.00	\$176,589.41	\$180,232.89
Capital Outlay	6000 - 6900	\$0.00	\$0.00	\$0.00	\$0.00
Other Outgo	7000 - 7299	\$5,668.25	\$22,241.00	\$22,241.00	\$22,241.00
Direct Support/Indirect Cost	7300 - 7399	\$0.00	\$1,000.00	\$1,000.00	\$1,000.00
Debt Service	7430 - 7439	\$0.00	\$0.00	\$0.00	\$0.00
Total Expenditures		\$1,105,558.98	\$1,061,224.82	\$1,085,178.30	\$1,103,135.53
Excess (Deficiency) of Revenues Over Expenditures		(\$72,468.59)	(\$33,954.03)	(\$116,243.86)	(\$151,115.76)
Other Financing Sources/Uses					
Interfund Transfers In	8900 - 8929	\$0.00	\$0.00	\$0.00	\$0.00
Interfund Transfers Out	7600 - 7629	\$76,961.21	\$17,663.00	\$27,005.00	\$27,700.00
All Other Financing Sources	8930 - 8979	\$0.00	\$0.00	\$0.00	\$0.00
All Other Financing Uses	7630 - 7699	\$0.00	\$0.00	\$0.00	\$0.00
Contributions	8980 - 8999	\$73,700.21	\$0.00	\$0.00	\$0.00
Total Other Financing Sources/Uses		(\$3,261.00)	(\$17,663.00)	(\$27,005.00)	(\$27,700.00)
Net Increase (Decrease) in Fund Balance		(\$75,729.59)	(\$51,617.03)	(\$143,248.86)	(\$178,815.76)
Fund Balance					
Beginning Fund Balance	9791	\$572,091.13	\$496,361.54	\$444,744.51	\$301,495.65
Audit Adjustments	9793	\$0.00	\$0.00	\$0.00	\$0.00
Other Restatements	9795	\$0.00	\$0.00	\$0.00	\$0.00
Adjusted Beginning Fund Balance		\$572,091.13	\$496,361.54	\$444,744.51	\$301,495.65
Ending Fund Balance		\$496,361.54	\$444,744.51	\$301,495.65	\$122,679.89
Components of Ending Fund Balance					
Reserved Balances	9700	\$0.00	\$0.00	\$0.00	\$0.00
Revolving Cash	9711	\$2,000.00	\$2,000.00	\$2,000.00	\$2,000.00
Stores	9712	\$0.00	\$0.00	\$0.00	\$0.00
Prepaid Expenditures	9713	\$0.00	\$0.00	\$0.00	\$0.00
Other Prepay	9719	\$0.00	\$0.00	\$0.00	\$0.00
General Reserve	9730	\$0.00	\$189,730.00	\$0.00	\$0.00
Legally Restricted Balance	9740 - 9759	\$93,157.58	\$27,786.58	\$24,078.71	\$24,078.75
Economic Uncertainties Percentage		5.00%	5.00%	5.00%	5.00%
Designated for Economic Uncertainties	9770	\$59,126.01	\$53,944.39	\$55,609.17	\$56,541.78
Designated for the Unrealized Gains of Investments and Cash in County Treasury	9775	\$0.00	\$0.00	\$0.00	\$0.00
Other Designated	9780	\$333,703.96	\$131,279.96	\$0.00	\$0.00
Undesignated/Unappropriated	9790	\$8,373.99	\$40,003.58	\$219,807.77	\$40,059.36
Negative Shortfall	9790	\$0.00	\$0.00	\$0.00	\$0.00

Reeds Creek Elementary School District began fiscal year 2009-10 with a general fund balance of \$572,091.13. A review of the district's historical fund balance showed the district accumulated this reserve through conservative fiscal practice in addition to revenue growth from 2004 through 2009. However, this trend has been reversed as a result of national and state economic crisis and subsequent reduction in K-12 funding.

Unaudited statements for fiscal year 2009-10 indicate a decrease in fund balance of \$75,729.59. The MYFP indicates the deficit spending will not only continue but increase through the period of the projection. The district utilized the federal economic recovery funds to soften the fiscal cuts imposed by the state. Those one-time funds will be exhausted in the current fiscal year and the district will be impacted by the full brunt of the reduction in state funding. The resulting deficit spending will erode the district's healthy reserve.

On its current fiscal course, the district's expenditures are forecasted to exceed revenue by \$51,617 in 2010-11, by over \$140,000 in 2011-12 and over \$175,000 in 2012-13, with an unrestricted ending fund balance of below \$100,000 by June 2013. Although this projection indicates that the required 5% reserve for economic uncertainty will be met, the remaining funds will not suffice to protect the district in 2013-14. Absent further reduction measures or addition revenue, the district will be unable to meet its financial obligations in the third subsequent fiscal year.

As stated earlier, if projections indicate a district will not be able to meet its fiscal obligations for the current or two subsequent fiscal years, or has a qualified or negative budget certification, under AB 1200 and AB2756 the county superintendent of schools is required to notify the district governing board and the SPI. In addition, the county office of education must intervene to help the district create a plan to regain fiscal solvency and restore the required reserve.

As the district's multiyear projections indicate a trend of deficit spending and shortfalls through the foreseeable future, immediate action should be taken to reduce the deficit and balance the district budget. Failure to take quick action now will result in the district having to take drastic measures later to maintain fiscal solvency.

Other Funds

FCMAT reviewed the financial status of all district funds other than the general fund. No fund other than Fund 13 (cafeteria fund) was identified as requiring a contribution from Fund 01 (general fund). FCMAT noted the following for each fund held by the district:

Fund 13 - Cafeteria Fund

The cafeteria fund balance at the end of 2009-10 fiscal year was \$2,000.27 after deficit spending of \$12,250 during the year. Of this amount, \$1,586.03 is held in stores, \$250 in revolving cash, and the remaining \$164.24 is unappropriated.

The district initially budgeted \$40,014 to contract out cafeteria services. The contract was never finalized and was subsequently eliminated. As a result, the district hired cafeteria support at a first year cost of \$18,485.48. Due to the lack of reserve in the cafeteria fund, the district budgeted to contribute \$39,140 from the general fund. Should all other revenue and expense projections remain unchanged, the contribution should be reduced to \$17,611.48 for the 2010-11 fiscal year.

Fund 14 - Deferred Maintenance Fund

The deferred maintenance fund balance at the end of 2009-10 fiscal year was \$106,023.56, an increase of \$32,323.35 over the prior year. The current year budget projects an increase in the fund balance of another \$22,054. The budget projects \$32,632 in revenue from state sources, indicating that the district is not utilizing the flexibility authorized for these funds.

The district should keep its facilities maintenance plan current and utilize these funds as necessary to maintain facilities. Appropriate budget adjustments should be made in response to a

deficit or surplus of maintenance plan funding, using flexibility only if there is surplus funding or as required to maintain district fiscal solvency.

Fund 15 – Pupil Transportation Equipment Fund

The pupil transportation equipment fund has an ending fund balance of \$15,536.72 at the end of 2009-10. This fund is to be used for the acquisition, rehabilitation, or replacement of equipment used to transport students and has no expenditure activity budgeted in the 2010-11 fiscal year.

Fund 17 – Special Reserve Fund for Other than Capital Outlay Projects

This special reserve fund ended 2009-10 with a balance of \$59,354.05. No uses have been identified by the district for the 2010-11 fiscal year. Reserve funds such as this should be maintained for use in stabilizing district finances and for emergency and unforeseen circumstances.

Fund 25 - Capital Facilities Fund

The capital facilities fund ended 2009-10 with a fund balance of \$12,601.31. The district has budgeted expenditures and revenues to offset in 2010-11 with no net impact on the fund balance for the fiscal period.

Fund 40 – Special Reserve Fund for Capital Outlay Projects

The district maintains a special reserve fund for capital outlay projects that had a balance of \$8,714.94 at the end of the 2009-10 fiscal year. The budget for 2010-11 contains projections for interest revenues only, with no other revenues, expenditures, or transfers planned.

Additional Areas of Concern

Enrollment / Average Daily Attendance

The district's enrollment history and projections indicate stability; however, a large percentage of the enrollment is incoming interdistrict transfers. For 2009-10, the net interdistrict transfers accounted for 27 students. For 2010-11, the district indicates 21 net interdistrict transfers.

With an enrollment of 144 in the current year, these interdistrict transfers account for approximately 15% of the students attending the district.

Given the ongoing budget reductions, districts have increased monitoring of ADA and scrutiny of the loss of ADA associated with outgoing interdistrict transfers. Districts are increasingly seeking ways of discouraging transfers through strengthened board policy. This competitiveness may have an impact on the number of incoming transfers the district receives in future years. The potential resulting loss of ADA and revenue could further erode the fiscal health of the district.

Although due to new school choice legislation introduced in SBX5 4 due to California's race to the top application, parental triggers, and school choice interdistrict transfers are becoming more accessible and districts have fewer options to deny transfer requests, the district should develop contingency plans to address a potential loss of incoming transfers in future years.

Class Size

The district maintains a student-to-classroom ratio of approximately 20.6:1 district-wide. At the time of FCMAT's fieldwork, the kindergarten class had an enrollment of 14. This staffing level is not common at current and projected education funding levels.

Ed-Data reports average schoolwide class size for 2008-09 was 25.4 students with kindergarten to 3rd grade classes averaging just below 20 students and 4th through 8th grade classes averaging between 26 and 29 students. Although certified class size information is not available, budget cuts in 2009-10 and 2010-11 have pressured districts to increase class sizes above the 2008-09 levels in order to maintain fiscal solvency.

The district should review staffing levels to determine prudent ratios given the reduced funding and the potential for additional cuts to education and make appropriate adjustments.

State Budget

The governor's 2011-12 budget proposes that education will incur a loss of approximately \$19 per ADA but will be spared from additional cuts. This is based on the extension of taxes to be proposed on a June ballot. Should the tax extension not be successful, an additional revenue reduction of \$330 per ADA is anticipated. This ongoing loss amounts to approximately a \$46,000 cut to the district in fiscal year 2012-13 alone.

The district should develop and begin implementing contingency plans that address this loss in revenue if the tax extension is not approved, planned budget reductions are not realized, or revenues are not received as forecasted.

Employee Compensation

The district budget does not account for supplemental pay due to unused vacation, classified sick leave, or any extra compensation. Since the district is legally obligated to compensate employees for their time, any claims for payment will result in a budget adjustment, increased expenses, and further deterioration of the district reserves.

The district should closely monitor and control supplemental pay. Should the additional compensation expense become unavoidable, budget adjustments should be made to reflect the additional expenses.

District Budget Plan Fidelity

The 2008-09 audit found large variances between original (July 1) and final budget amounts. Further variances were also found between the final budget and actual amounts.

The budget plan for 2010-11 included assumptions to reduce costs by eliminating payout of unused vacation days and overtime. However, payroll records indicate the district did not adhere to this budget plan.

The current year budget also included plans to reduce positions and outsource services. The district was unable to finalize these plans and significant revisions were necessary.

Interim reports allow districts to make adjustments during the fiscal year. However, to be effective the district should accurately represent the budget plan and adhere to it as closely as possible. Failure to adhere to the district's budget plan undermines the value of the plan as a guide to district actions and is inconsistent with the governing board direction.

The district should adopt budget plans that are attainable and realistic. If expenditure reductions are reflected in the budget plan, action on those reductions should be taken either before or in tandem with the budget approval. The district should then adhere to the planned expenditure reductions.

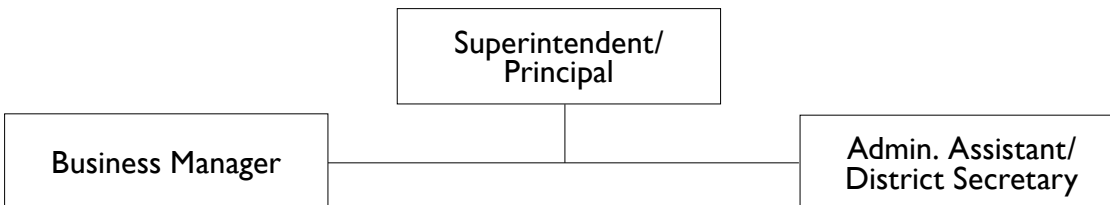
Business Department

Background

In response to the anticipated financial hardship identified during the review of the 2009-10 first interim budget, the district board approved expenditure reductions for the 2010-11 fiscal year. The cuts included the reduction of the business manager position to .5 full time equivalent effective July 1, 2010. As a result, the business manager resigned, leaving the district without the necessary staff to attend to district finances and business. The district initially sought to contract for business services with the Red Bluff Joint Union High School District, which would have continued fiscal services at a savings. That contract was not finalized. Subsequently, the Tehama County Department of Education provided assistance with business services, and the decision was eventually made to reinstate a full-time district business manager position.

Organizational Structure

The district office is composed of three positions as indicated below:



Superintendent / Principal

The superintendent/principal serves as the chief executive officer of the board as permitted by Education Code Section 35035. As stated in the superintendent contract, the duties and responsibilities of the position include:

- As chief executive officer, superintendent shall have primary responsibility for the execution of district/board policy.
- The superintendent will serve as secretary to the board.
- The superintendent shall have such other powers and duties which have been delegated to the superintendent in adopted board policy or other actions of the board referenced in the official minutes of board meetings.
- The superintendent shall make timely and appropriate recommendations to the board regarding the employment of personnel including the release, non-re-election, or termination of an employee.
- The superintendent shall keep the board advised of all emerging issues which could have a material impact on the district.

The district has a history of high turnover in the chief executive officer position, with nine different superintendents holding the position since 1999. The current superintendent/principal has held the position since August 1, 2008. To promote stability in the position, the contract contains a one-year extension clause based on a “progressing acceptably” or better rating in all areas of the evaluation by the majority of the board. The superintendent received a positive evaluation in August 2010 that extended his contract through June 2012.

Administrative Assistant / District Secretary

The administrative assistant/district secretary serves under the direction of the superintendent/principal. According to the job description provided in BP 4402, the administrative assistant/district secretary performs “a variety of difficult and responsible secretarial and clerical work for the superintendent; to relieve the superintendent of administrative details; and to do related work as required.” This position is also responsible for basic district office management.

This position has been the most stable in the district office. The employee in this position has been with the district over 11 years, through numerous superintendent, business manager, and board member transitions.

District Business Manager

The district business manager serves under the direction of the superintendent/principal. In accordance with the job description, as provided in BP 4407, the business manager is responsible for development and oversight of the school budget, basic bookkeeping, payroll and purchasing operations of the district. Skilled duties and responsibilities include:

- Prepares, monitors, revises, and reports all aspects of fiscal operations including the district’s annual budget, interim financial and budgetary reports, end-of-year actual budget data, and year-end closing.
- Submits recommendations to the superintendent on all business matters.
- Reports on all district business operations and appraises administration and board of contemporary educational business practices and related legislative issues.
- Prepares and coordinates annual district audit.
- Prepares salary and benefit analysis and provides advice to administration during salary and benefit discussions.
- Approves all expenditures, prepares warrants for board approval, prepares and submits monthly payroll, issues revolving fund and student checks, prepares deposits, maintains check registers, and reconciles bank statements.
- Establishes and maintains necessary records and files.
- Maintains student body fund account records and fund activity including deposits, check writing, reconciliation and reporting.

Because the board decided in August 2010 to reinstate the district business manager position, the district advertised the position and received over 40 applications from candidates with varying levels of education, experience, and qualifications. An interview panel was assembled of representatives from the district, county office, and an experienced district business official. Seven applicants were chosen to be interviewed, three with school district experience. According to the district superintendent/principal and board members interviewed by FCMAT, the most important qualities for the candidate chosen were “personality fit” and “competence.”

The position was offered to and accepted by a candidate from this initial pool of applicants. The person offered the business manager position had no previous experience in school business. This person’s qualifications include a master’s degree in a non-business-related field and experience in a variety of non-education jobs, including skilled trade and organizational management.

The business manager was offered a three-year contract commencing October 1, 2010. Due to the candidate's lack of experience and knowledge of school business, the district agreed to provide professional development in the form of training opportunities, conferences, workshops, in-services, and mentoring. The district has also entered into a contract with a business official from another district to provide assistance and mentoring one day a week over the course of the next year. In addition, the Tehama County Department of Education has committed to assisting and providing guidance to the district.

Internal Controls

Internal controls are the foundation of sound financial management and allow districts to fulfill their educational mission while helping ensure efficient operations, reliable financial information and legal compliance. Internal controls also help protect the district from material weaknesses, serious errors and fraud.

All educational agencies should establish internal control procedures to perform the following:

- Prevent internal controls from being overridden.
- Ensure ongoing state and federal compliance.
- Provide assurance that the internal control system is sound.
- Help identify and correct inefficient processes.
- Ensure that employees are aware of the proper internal control expectations.

Districts should apply the following basic concepts and procedures to their transactions and reporting processes to build a solid internal control structure:

- System of checks and balances
- Formal procedures to initiate, approve, execute, record and reconcile transactions. The procedures should identify the employee responsible for each step and the time period for completion. Key areas that require checks and balances include payroll, purchasing, accounts payable and cash receipts.
- Segregation of duties
- Adequate internal accounting procedures with changes made as needed to segregate job duties and properly protect the district's assets. No single employee should handle a transaction from initiation to reconciliation, and no single employee should have custody of an asset (such as cash or inventory) and maintain the records of related transactions.
- Staff cross-training

More than one employee should be trained to perform each job. Each staff member should be required to use accrued vacation time, and another staff member should be able to perform those duties in their absence. Inadequate cross-training is often a problem even in the largest central business offices.

Internal controls and the maintenance of sound financial management is challenging in smaller school districts such as Reeds Creek due to staffing limitations and the limited experience and

knowledge of staff. With only three positions in the district office, it is imperative that internal control procedures be established. Each position should be fully trained not only in their area of responsibility but also cross-trained to assist with other duties essential to the district operations. Without this, the district is vulnerable to (1) workflow interruptions in the absence of a knowledgeable staff member, (2) transactional errors due to lack of a secondary review, and (3) accusation of fraud or mismanagement due to the absence of oversight.

Recommendations

The district should:

1. Maintain the commitment to provide training and support to the district business manager to ensure proper training and professional development is received.
2. Maintain a contract for regular business office support until the district business manager has the knowledge and ability to perform all duties of the position.
3. Maintain and foster regular communications and support between the district and the Tehama CDE with regard to fiscal status and business services.
4. Seek training for the superintendent/principal and the administrative assistant/district secretary to increase awareness and familiarity in key areas of reporting, recording, and processing of budget or financial transactions in the district office.
5. Seek procedural manuals from the Tehama CDE and districts similar in size and demographics to Reeds Creek ESD that provide reference to key processes, responsibilities, and best practices. Use these guides as a resource to develop district desk manuals for common transactions.
6. Seek business procedure guidance from the Tehama CDE and districts similar to Reeds Creek ESD that promote efficiency and solidify business practices.
7. Ensure that the business manager receives extensive training on the Escape accounting and SACS reporting systems.
8. Ensure that effective controls are implemented and that all district staff are cross trained and work to maintain sound management of the district.

Role and Responsibilities of the Board

Background

The district is governed by a five-member board. Three of the members were newly elected in November 2008. The other two members ran uncontested in the 2010 election and have 4.5 and 6.5 years of service on the board, respectively. Board members are highly involved with school activities and are very accessible to the staff and parents of the district. Interviews with staff and board members indicated that the board works cohesively.

Board Policy

School boards establish direction and structure through the policies and regulations they approve. Policies set the goals, assign authority, and establish controls for the school district. Policies also establish legal compliance and accountability to the public. Guidance for developing and enforcing board policies and regulations is found in the district's Board Bylaws 9000 and 9005, which are attached as appendices to this report.

Within the parameters of state legal requirements, governing boards are given leniency to develop the policies and practices necessary to carry out the vision of the district. Should the governing board desire to update or amend policy to align with practice, proper procedures can be found in Board Bylaw (BB) 9312, which states that the board shall adopt board bylaws to govern its internal operations. These bylaws may be adopted or amended by a majority vote of all board members.

In reviewing board meeting minutes, district documents, and conducting interviews, FCMAT found inconsistencies between existing board policy and actual practices. Board policy references are noted after each recommendation.

Board Policy Use and Maintenance

Members of the governing board do not regularly access, reference, and update board policy.

Only one paper copy of the board policy manual is maintained in the district office and accessible for review by all interested stakeholders. An update of select policies was approved as recommended by the Tehama County Cooperative in September 2010. No other policy updates occurred within the last year. Sample policies reviewed by FCMAT were adopted in 2004 and prior.

Role of the Board

Members often overextend their role as members of a collective board and become individually and directly involved in district issues such as personnel matters that should be handled by the superintendent. Board Bylaws 9000 and 9005 delineate the roles and responsibilities of the board and the superintendent. Board members do not understand that their authority rests with the board as a whole rather than with individual members, or that the board is an ongoing entity bound by its own previously approved policies until and unless those are changed in a legal public board meeting.

Board Training

With the frequent turnover of administrative leadership, board member in-service and training has not been a priority for the district. New board members are not provided with a copy or access to electronic board policies including board bylaws detailing governance structure and board roles and responsibilities.

This may contribute to a lack of regularly scheduled professional development for board members to assist them in governing the district. Board members should attend a variety of trainings regarding governance, best practices, and current issues so that they can make knowledgeable and productive decisions for the district and understand the separation of duties between administration and the board and the extent of their authority.

Open Meetings

The board regularly agendaizes closed session items 4.1, Conference with Labor Negotiator, and 4.2, Public Employee Performance/Evaluation. These closed sessions discussions routinely last an hour or more. Standing closed session agenda items are not recommended. The Brown Act specifies that closed session items should be detailed in the agenda, meet specific criteria and be reported upon publicly in open session.

Recommendations

The district should:

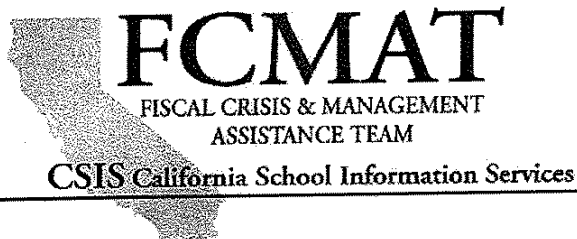
1. Provide each board member with access to up-to-date board policy via hard copy or by electronic format. (BB 9310)
2. Ensure that board policy is reviewed and updated regularly to meet legal requirements and to reflect the direction of the current governing board. (BB 9310, 9312)
3. Ensure that each new member understands the board's functions, policies and procedures. (BB 9230)
4. Provide new members with the district's policy manual and other materials related to the school system and board member responsibilities. (BB 9230)
5. Ensure that each new member understands the board's functions, policies and procedures. (BB 9230)
6. Ensure that each member understands the limits of board member authority as outlined in the board bylaws. (BB 9005, 9200)
7. Ensure that the superintendent is given primary responsibility for the execution of district/board policy and recommendations for personnel actions. (Superintendent contract)
8. Send new members to workshops for newly elected members. (BB 9320)
California School Boards Association (CSBA) offers regular workshops specifically designed for new board members.

9. Ensure training is received to help board members understand their roles and responsibilities, stay abreast of new developments in education, and develop boardmanship skills. (BB 9240) CSBA offers a Masters in Governance program to help board members and superintendents gain the knowledge and skills to support effective governance.
10. Provide all members a copy of the Brown Act. (BB 9230, 9200b)
11. Review and ensure compliance with board bylaws and the Brown Act open meeting requirements.
 - a. In accordance with state open meeting laws, the board shall hold its meetings in public and shall conduct closed sessions during these meetings only to discuss confidential matters specified by law. (BB 9320)
 - b. The board shall reconvene in open session before adjourning and report closed session actions, the votes or abstentions thereon, and other disclosures required by Government Code 54957.1. (BB 9321.1)
 - c. Board members are responsible for complying with the requirements of the state's open meeting laws. (BB 9200b)

Appendices

Appendix A - Study Agreement

Appendix B - Board Policies 9000 and 9005



**FISCAL CRISIS & MANAGEMENT ASSISTANCE TEAM
STUDY AGREEMENT
September 21, 2010**

The FISCAL CRISIS AND MANAGEMENT ASSISTANCE TEAM (FCMAT), hereinafter referred to as the Team, and the Tehama County Office of Education hereinafter referred to as the COE, mutually agree as follows:

1. BASIS OF AGREEMENT

The Team provides a variety of services to school districts and county offices of education upon request. The COE has requested that the Team provide for the assignment of professionals to study specific aspects of the Reeds Creek Elementary School District operations. These professionals may include staff of the Team, County Offices of Education, the California State Department of Education, school districts, or private contractors. All work shall be performed in accordance with the terms and conditions of this Agreement.

2. SCOPE OF THE WORK

A. Scope and Objectives of the Study

1. The Tehama County Office of Education is currently requesting assistance on behalf of the district to complete an independent analysis of the district's 2010-11 Adoption Budget and make recommendations regarding revenue enhancements or expenditure reductions, if any. The analysis will include a revised budget including a Multi-Year Financial Projection for the current and two subsequent fiscal years.
2. The District has recently hired a full time position of Chief Business Official. The FCMAT Team will conduct an organizational review of the Business Department and related positions and provide recommendations to assess the staffing needs of the district.
3. In addition to the organizational review, the FCMAT Team will assess the roles and responsibilities of the Board of Education and provide recommendations for operational efficiencies.

B. Services and Products to be Provided

- 1) Orientation Meeting - The Team will conduct an orientation session at the COE to brief COE management and supervisory personnel on the procedures of the Team and on the purpose and schedule of the study.
- 2) On-site Review - The Team will conduct an on-site review at the COE office and at school sites if necessary.
- 3) Progress Reports - The Team will hold an exit meeting at the conclusion of the on-site review to inform the COE of significant findings and recommendations to that point.
- 4) Exit Letter - The Team will issue an exit letter approximately 10 days after the exit meeting detailing significant findings and recommendations to date and memorializing the topics discussed in the exit meeting.
- 5) Draft Reports - Sufficient copies of a preliminary draft report will be delivered to the COE administration for review and comment.
- 6) Final Report - Sufficient copies of the final study report will be delivered to the COE following completion of the review. The final report will be published on the FCMAT website.
- 7) Follow-Up Support – Six months after the completion of the study, FCMAT will return to the COE, if requested, to confirm the COE's progress in implementing the recommendations included in the report, at no cost. Status of the recommendations will be documented to the COE in a FCMAT Management Letter.

3. PROJECT PERSONNEL

The study team will be supervised by Anthony L. Bridges, CFE, Deputy Executive Officer Fiscal Crisis and Management Assistance Team, Kern County Superintendent of Schools Office. The study team may also include:

- | | | |
|----|--------------------|--------------------------------|
| A. | Michelle Plumbtree | FCMAT Chief Management Analyst |
| B. | To Be Determined | FCMAT Consultant |

Other equally qualified consultants will be substituted in the event one of the above noted individuals is unable to participate in the study.

4. PROJECT COSTS

The cost for studies requested pursuant to E.C. 42127.8(d)(1) shall be:

- A. \$500.00 per day for each Team Member while on site, conducting fieldwork at other locations, preparing and presenting reports, or participating in meetings. Cost per day for outside consultants will be billed at the actual daily rate.
- B. All out-of-pocket expenses, including travel, meals, lodging, etc. The COE will be invoiced at actual costs, with 50% of the estimated cost due following the completion of the on-site review and the remaining amount due upon acceptance of the final report by the COE.

Based on the scope of work identified in section 2 A, estimated total cost is \$7,500.

- C. Any change to the scope will affect the estimate of total cost.

Payments for FCMAT services are payable to Kern County Superintendent of Schools - Administrative Agent.

5. RESPONSIBILITIES OF THE COE

- A. The COE will provide office and conference room space while on-site reviews are in progress.
- B. The COE will provide the following (if requested):
 - 1) A map of the local area
 - 2) Existing policies, regulations and prior reports addressing the study request
 - 3) Current or proposed organizational charts
 - 4) Current and two (2) prior years' audit reports
 - 5) Any documents requested on a supplemental listing
 - 6) Any documents requested on the supplemental listing should be provided to FCMAT in electronic format when possible.
 - 7) Documents that are only available in hard copy should be scanned by the district and sent to FCMAT in an electronic format.
 - 8) All documents should be provided in advance of field work and any delay in the receipt of the requested documentation may affect the start date of the project.

C. The COE Administration will review a preliminary draft copy of the study. Any comments regarding the accuracy of the data presented in the report or the practicability of the recommendations will be reviewed with the Team prior to completion of the final report. The final report will be posted on the FCMAT website.

Pursuant to EC 45125.1(c), representatives of FCMAT will have limited contact with COE pupils. The COE shall take appropriate steps to comply with EC 45125.1(c).

6. **PROJECT SCHEDULE**

The following schedule outlines the planned completion dates for key study milestones:

<i>Orientation:</i>	<i>to be determined</i>
<i>Staff Interviews:</i>	<i>to be determined</i>
<i>Exit Interviews:</i>	<i>to be determined</i>
<i>Preliminary Report Submitted:</i>	<i>to be determined</i>
<i>Final Report Submitted:</i>	<i>to be determined</i>
<i>Board Presentation:</i>	<i>to be determined</i>
<i>Follow-Up Support:</i>	<i>If requested</i>


7. **CONTACT PERSON**

Name of contact person: Kate Lane, Assistant Superintendent, Business

Telephone: (530) 528-7327 FAX: (530) 529-4120

E-Mail: klane@tehamaschools.org

 _____ September 22, 2010
 Jake Hosler, Superintendent. Date
 Reeds Creek Elementary School District

 _____ September 21, 2010
 Anthony L. Bridges, CFE, Date
 Deputy Executive Officer
 Fiscal Crisis and Management Assistance Team

BB 9000 Role of the Board

The Board of Education is elected by the community to provide leadership and citizen oversight of the district's schools. The Board shall work with the Superintendent to fulfill its major roles, which include:

1. Setting a direction for the district
2. Providing a basic organizational structure for the district by establishing policies
3. Ensuring accountability
4. Providing community leadership on behalf of the district and public education

To fulfill these basic responsibilities, the Board shall:

1. Involve the community, parents/guardians, students and staff in developing a common vision for the district focused on learning and achievement and responsive to the needs of all students
2. Adopt, evaluate and update policies consistent with the law and the district's vision and goals
3. Maintain accountability for student learning by adopting the district curriculum and monitoring student progress.
4. Hire and support the Superintendent so that the vision, goals, and policies of the district can be implemented.
5. Conduct regular and timely evaluations of the Superintendent based on the vision, goals, and performance of the district, and ensure that the Superintendent holds district personnel accountable.
6. Adopt a fiscally responsible budget based on the district's vision and goals, and regularly monitor the fiscal health of the district.
7. Ensure that a safe and appropriate educational environment is provided to all students.
8. Establish a framework for the district's collective bargaining process and adopt responsible agreements.
9. Provide community leadership on educational issues and advocate on behalf of students and public education at the local, state and federal levels.
10. Convene as a judicial and appeals body and serve as the final decision-maker in accordance with law, Board policies and negotiated agreements.

BB 9005 Governance Standards

The Board of Education believes that its primary responsibility is to act in the best interests of every student in the district. The Board also has major commitments to the parents/guardians, all members of the community, employees, the state of California, laws pertaining to public education, and established policies of the district. To maximize Board effectiveness and public confidence in district governance, Board members are expected to govern responsibly and hold themselves to the highest of standards of ethical conduct.

The Board expects its members to work with each other and the Superintendent to ensure that a high-quality education is provided to each student. Each individual Board member shall:

1. Keep learning and achievement for all students as the primary focus
2. Value, support and advocate for public education
3. Recognize and respect the differences of perspective and style on the Board and among staff, students, parents and the community
4. Act with dignity, and understand the implications of demeanor and behavior
5. Keep confidential matters confidential.
6. Participate in professional development and commit the time and energy necessary to be an informed and effective leader.
7. Understand the distinctions between Board and staff roles, and refrain from performing management functions that are the responsibility of the Superintendent and staff.
8. Understand that authority rests with the Board as a whole and not with individuals.